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Letter dated 6 July 2005 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I write with reference to my predecessor's letter of 16 December 2004 (S/2004/998). The Counter-Terrorism Committee has received the attached fourth report from Uruguay submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant to
resolution 1373 (2001) concerning counter-terrorism

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Annex

Letter dated 5 July 2005 from the Chargé d'affaires a.i. of the Permanent Mission of Uruguay to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

[Original: Spanish]

I have the honour to refer to your letters of 22 October 2004 and 6 May 2005 concerning the submission of Uruguay's fourth report, pursuant to paragraph 6 of resolution 1373 (2001) (see annex).

(*Signed*) Susana **Rivero**
Chargé d'affaires a.i.

Enclosure*

Fourth report of Uruguay prepared jointly by the competent authorities pursuant to paragraph 6 of resolution 1373 (2001) of the Security Council

[Original: Spanish]

After evaluating the earlier reports of Uruguay prepared pursuant to paragraph 6 of resolution 1373 (2001), the Counter-Terrorism Committee of the Security Council has requested the Government of Uruguay to provide additional information regarding the matters listed below. The replies of the Government follow each question.

1. Implementation measures

1.1 ***Question: With regard to the implementation of paragraph 1 of the resolution, Uruguay states in its third report that "a bill is being drafted on the strengthening of the (financial) system for the prevention and control of money-laundering and the financing of terrorism". The Committee would appreciate receiving a progress report concerning this matter. In addition, the Committee refers Uruguay to the questions relating to this legislation contained in its previous letter, dated 4 April 2003, and requests Uruguay to respond to these questions at its earliest possible convenience.***

Reply

Uruguay has the honour to inform the Committee that the aforementioned bill was promulgated as Act No. 17,835 on 23 September 2004. The Act, a copy of which is enclosed herewith, has thus become part of the body of laws of Uruguay. It should be noted that the representatives present in both houses of the legislature voted unanimously in favour of the Act, and no negative comments were voiced about it. This demonstrates the political will and general consensus inspired by the Act.

By Decree No. 86/2005, of 24 February 2005, regulations implementing the Act were adopted. A copy of the regulations is enclosed with the present report.

1.2 ***Question: The Committee would like to receive a copy of the guidelines issued by the Central Bank that were mentioned in Uruguay's report (Communication 2002/198 of 4 November 2002).***

Reply

As requested previously, the text of Communication 2002/198 from the Central Bank of Uruguay is attached.

Uruguay wishes to report that Communication 2005/094, issued on 9 February 2005, builds upon the above-mentioned instrument by establishing specific guidelines for financial institutions regarding procedures to be followed when suspicious transactions are reported.

* Annexes are on file with the Secretariat and are available for consultation.

The Communication in question is attached, along with the forms that must be filled out in such cases.

1.3 ***Question: Regarding the effective implementation of paragraph 1 of the resolution, according to the information provided in Uruguay's reports, the monitoring of charitable organizations or entities of a similar nature appears to be insufficient to meet the obligations under the resolution. The Committee would like to know what steps Uruguay intends to take in order to address this situation as soon as possible, considering that those institutions could be used for criminal purposes.***

Reply

Uruguay had informed the Committee in its previous reports that, although a legal framework was in place to exercise control over charitable organizations, there were some shortcomings that made such control difficult.

Accordingly, a number of steps have been taken to remedy the situation. Although these measures do not constitute a radical approach to the problem, they do go a long way towards tightening controls. A list of such measures follows.

Act No. 17,835, on the Strengthening of the System for the Prevention and Control of Money-Laundering and the Financing of Terrorism, significantly strengthened the legal powers of the State to implement the financial controls envisaged in resolution 1373 (2001). For example, institutions that operate in Uruguay (which are subject to the control of the relevant legal authorities) may freeze funds that could be considered suspicious. Thus, Uruguay adopted at an early stage the legal framework required to exercise the controls in question.

With regard to the controls that are applied to non-profit organizations, it should be noted that the authorities are prepared to take action if reports are received from domestic or external sources.

Mechanisms are also in place to ensure oversight and control of bank accounts and financial transfers.

No specific reports have been received regarding suspicious activities involving non-profit organizations operating in Uruguay.

The lists received from the United Nations and the United States Government following the attacks in the United States on 11 September 2001, and the corresponding information on financial controls, were disseminated to the law enforcement bodies of the Ministry of the Interior and the intelligence services. No financial transactions by the organizations and persons listed were found to have occurred in Uruguay.

With regard to the shortage of qualified personnel to perform the controls called for in resolution 1373 (2001), various activities have been undertaken to train public officials working at the institutions involved in controlling terrorist financing.

For example, Uruguay has a regional training centre that provides training on the prevention of money-laundering and the financing of terrorism. The centre, which operates in accordance with FAFT recommendations, has developed a training programme and has held a number of courses and seminars. Those held in

2005 include one conducted in Montevideo from 2 to 5 May 2005, in conjunction with the Inter-American Drug Abuse Commission (CICAD) of the Organization of American States (OAS), and another held in Rio de Janeiro from 17 to 20 May 2005, in coordination with the South American Financial Action Task Force Against Money Laundering (GAFISUD). The latter course focused specifically on controlling the financing of terrorism.

At both events, particular attention was devoted to Special Recommendation VIII of the Financial Action Task Force on Money Laundering (FATF) regarding controls on non-profit organizations, whose funds could be diverted to finance terrorist acts.

Coordination is currently being promoted between the various institutions that exercise financial control responsibilities with a view to improving the mechanisms for detecting possible transfers by non-profit organizations of funds intended for criminal purposes. The institutions involved include the Ministry of Economic and Financial Affairs, the Ministry of Education and Culture, the Central Bank and the Department of Taxation and Internal Audit of Uruguay. The Office of the Assistant Secretary in the Office of the President coordinates their work.

1.4 ***Question: With regard to the response given in paragraph 1.9 of Uruguay's third report, relating to the obligations contained in paragraphs 2 (d) and (e) of the resolution, the Committee requests Uruguay to provide more detailed clarification on this matter.***

Reply

A number of legal provisions contained in Uruguay's body of laws have been consolidated and expanded in Act. No. 17,835, on the Strengthening of the System for the Prevention and Control of Money-Laundering and the Financing of Terrorism. The adoption of the Act thus ensures compliance with the obligations established in paragraphs 2 (d) and (e) of resolution 1373 (2001) of the United Nations Security Council. Articles 14, 15 and 16 of the Act, which criminalize terrorist acts and the financing of terrorism, deserve to be singled out in this body of laws.